

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 470

(Senator Salling, *et al.*)

Education, Health, and Environmental Affairs

Ways and Means

Higher Education – Senatorial and Delegate Scholarships – Reimbursement of Expenses for Community College Certification and Licensure

This bill authorizes a recipient of a senatorial or delegate scholarship who is currently enrolled, or was enrolled within the last two years, in a certificate or license program, course, or sequence of courses at a community college that leads to certification or licensure to use the scholarship to reimburse specified educational expenses, including tuition, mandatory fees, and room and board. The bill also exempts an applicant for a senatorial scholarship from specified examination and enrollment requirements if the applicant is or was enrolled in a certificate or license program, course, or sequence of courses at a community college that leads to certification or licensure.

Fiscal Summary

State Effect: General fund expenditures increase by \$76,000 in FY 2019 for one-time contractual costs associated with updating the Maryland Higher Education Commission’s (MHEC) scholarship system. Expanding *eligibility* for the senatorial and delegate scholarships does not require additional spending. Senators and delegates receive a set amount of scholarship money, which is not changed by the bill. It is assumed that legislators will confirm individuals’ eligibility; thus, ongoing expenditures do not increase. Revenues are not affected.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	76,000	0	0	0	0
Net Effect	(\$76,000)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law:

Senatorial Scholarships

Until June 30, 2019, each senator may award \$138,000 in scholarship funds each year. Beginning on July 1, 2019, that amount will grow by the increase in tuition and mandatory fees over the previous year at the University System of Maryland (USM) institution with the highest annual expenses for a full-time resident undergraduate student other than the University of Maryland University College (UMUC) and University of Maryland, Baltimore Campus (UMB).

To qualify for an award, an individual must be a resident of Maryland and demonstrate a definite financial need. In addition, a senatorial scholarship may be awarded to an individual who is on active duty with the U.S. military and domiciled in the legislative district of the State from which the applicant seeks an award. Each senator must consider an applicant's financial need. An award under the program may not be less than \$400 and may not exceed the tuition and mandatory fees at the USM institution with the highest annual tuition and fees, not including UMUC and UMB. Except under certain circumstances, a scholarship may be held for up to four years of full-time study or eight years of part-time study.

A senatorial scholarship may be used at any undergraduate, graduate, or professional school in the State or at select in-state private career schools that offer two-year certificate programs that can transfer to a baccalaureate degree, including (1) at a degree-granting institution of higher education, if the curriculum is approved by MHEC; (2) at a hospital diploma school for training registered nurses; or (3) to attend as a full-time student a private postsecondary proprietary institution that is accredited by a national accrediting association approved by the U.S. Department of Education.

Each senator may award at most 10% of scholarship funds to applicants planning to attend accredited undergraduate, graduate, or professional institutions outside of the State. Those students must be studying an academic area that is not available in the State or be a person with a hearing impairment who will be studying at an institution outside the State that makes special provisions for persons with a hearing impairment. A senatorial scholarship may also be used at an out-of-state institution of higher education if the applicant is an individual who is on active duty with the U.S. military and domiciled in the State.

The scholarship may be used for educational expenses as defined by the Office of Student Financial Assistance within MHEC, including tuition and mandatory fees and room and board. If on-campus housing is available, a senatorial scholarship may not be used to pay for off-campus housing.

Delegate Scholarships

During a term in office, each delegate may award the equivalent of four four-year, full-time scholarships or two part-time scholarships for each full-time scholarship available. A delegate may select scholarship recipients on any basis he or she considers appropriate. The annual amount of a scholarship for any one recipient may not exceed the tuition and mandatory fees at the USM institution with the highest annual tuition and fees, not including UMUC and UMB. A scholarship award may be used to pay tuition and mandatory fees at a Maryland institution of postsecondary education or, when the desired program of study or appropriate accommodations are not available in Maryland, an out-of-state institution. Instead of awarding the scholarships himself or herself, a delegate may authorize MHEC to award funding to eligible applicants under the Delegate Howard P. Rawlings Educational Excellence Awards program.

A delegate scholarship may be used at an in-state institution of higher education whose primary campus is located in Maryland and whose authority to grant degrees is conferred in Maryland for a program of undergraduate, graduate, or professional studies. If the applicant will be studying in an academic area that is not available in the State or under certain circumstances where the applicant is disabled, the scholarship may be used at an accredited undergraduate, graduate, or professional studies institution outside the State. The scholarship may also be used at a private career school within the State that is approved by MHEC and that is accredited by a national accrediting association that is approved by the U.S. Department of Education.

Background: In addition to associate's degree programs, community colleges offer a number of credit and noncredit certificate and license programs ranging from dental assistant to truck driving to web design to welding. In academic year 2015-2016, [according to MHEC](#), community colleges issued 3,846 lower division certificates for credit courses. In addition, community colleges offer 156 different noncredit certificate and license programs that are not regulated by MHEC. According to the 2015 [annual report](#) of the Maryland Community College Association for Continuing Education and Training, 56,751 students registered for 93,449 courses leading to licensure or certification in academic year 2014-2015.

The fiscal 2019 budget includes \$6.5 million for senatorial scholarships (\$138,000 per senator) and \$6.6 million for delegate scholarships (\$46,780 per delegate).

State Expenditures: General fund expenditures increase by \$76,000 in fiscal 2019 for one-time contractual costs associated with enhancements to MHEC’s scholarship system necessitated by the bill. MHEC advises that the scholarship system must be upgraded to allow legislators to make reimbursement awards. In addition, system enhancements include creating new program types for each legislator for awards made as a reimbursement and creating new student records for a student receiving a reimbursement (who likely does not have existing records in the system).

Expanding *eligibility* for the senatorial and delegate scholarships does not require additional spending. Senators and delegates receive a set amount of scholarship money, which is not changed by the bill. MHEC advises that the use of carryover funds to cover renewal awards may be affected if senators make new awards to students eligible under the bill during the current term.

Additional Information

Prior Introductions: SB 959 of 2017, similar legislation, received a hearing in the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken. Its cross file, HB 623, received a hearing in the House Ways and Means Committee, but no further action was taken.

Cross File: Although not designated as a cross file, HB 203 (Delegate Hornberger, *et al.* – Ways and Means) is identical.

Information Source(s): Maryland Higher Education Commission; Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2018
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